

Message Text

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12

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 SPC-03 AID-20 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 DRC-01 /154 W
----- 102697

R 290528Z OCT 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 7767

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY THE HAGUE

AMCONSUL HONG KONG

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

USMISSION USEC BRUSSELS

USMISSION USOECD PARIS

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PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: NA

TAGS/ EFIN JA

SUBJ: TOKYO FOREX MARKET DEVELOPMENTS OCT 15 THRU 26

SUMMARY: DOLLARS RATES IN TOKYO MARKET CONTINUED TO
RECORD NEW HIGHS SINCE FEB FLOAT DURING MOST RECENT TWO-
WEEK PERIOD.

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1. DOLLAR IN SPOT MARKET STRENGTHENED CONSISTENTLY

DURING MOST RECENT WO-WEEK PERIOD, WITH REPRESENTATIVE RATE ON FRI, OCT 26 AT Y266.55, UP Y0.12 FROM MON, OCT 22. TRANSACTIONS DURING THE WEEK WERE IN RANGE OF Y266.35 TO Y266.57 PER DOLLAR. RANGE FOR WEEK OCT 15 WAS Y266.23 TO Y266.48. VOLUME IN THE SPOT MARKET WAS SOMEWHAT HEAVIER THAN PREVIOUS WEEK, WITH DAILY HIGH REACHED ON FRI OCT 26 OF \$91.2 MIL. TOTAL VOLUME FOR WEEK OF OCT 22 WAS APPROX \$286 MIL, WHILE THAT FOR WEEK OCT 15 REGISTERED \$238 MIL. BOJ OFFICIAL INDICATED NO NEW FACTORS OPERATING IN MARKET, BUT THAT CONTINUED HEAVY DEMAND FOR EXPORTS CAUSING SHORTAGE OF SUPPLY OF DOLLARS IN MARKET. SANE OFFICIAL STATED THAT CENTRAL BANK INTERVENTION (DOLLAR SALES) DURING WEEK OCT 22 REACHED APPROX \$100 MIL, WHILE THAT FOR PREVIOUS WEEK OF OCT 15 WAS ONLY APPROX \$70 MIL.

2. FORWARD DOLLAR RATES ALSO STRENGTHENED STEADILY DURING WEEK OCT 22. THREE-MONTH FORWARD (JAN DELIVERY) CLOSED ON OCT 26 AT Y226.35, UP Y0.35 FROM MONDAY'S CLOSE. SIX-MONTH FORWARD (APR DELIVERY) CLOSED WEEK AT Y264.30, UP Y0.80 FROM MON. END OF WEEK CLOSE FOR THREE-MONTH FORWARD REPRESENTED DISCOUNT OF 0.30 PERCENT WHILE THAT FOR SIX-MONTH FORWARD REPRESENTED DISCOUNT OF 1.69 PERCENT. TOTAL VOLUME IN THE FORWARD MARKET WAS \$409 MIL, DOWN SOMEWHAT FROM PREVIOUS WEEK. TOTAL VOLUME IN SWAP MARKET REGISTERED 192 MIL.
INGERSOLL

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